



## Legislative Fiscal Bureau

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May 20, 2003

Joint Committee on Finance

Paper #379

### **Medical Assistance Trust Fund (DHFS -- Health Care Financing -- Base Funding and Revenue)**

[LFB 2003-05 Budget Summary: Page 204, #7 Page 206, #8, Page 206, #9, Page 209, #12, Page 217, #9, Page 240, #1, Page 242, #4, and Page 243, #6]

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#### **CURRENT LAW**

2001 Wisconsin Act 16 created a medical assistance (MA) trust fund to support a portion of the state's share of MA and BadgerCare costs. Currently, revenue to the trust fund is derived from federal MA matching funds the state receives under the nursing home intergovernmental transfer (IGT) program and interest that is earned on the fund's cash balance.

The 2002-03 adjusted base funding from this source is \$298,086,600 SEG.

#### **GOVERNOR**

The Governor proposes several changes to the MA trust fund.

*Revenue.* Under SB 44, additional revenues to the trust fund would be generated from three new sources: (a) payments for services provided under the MA home- and community-based waiver programs; (b) payments for noninstitutional services provided by local governments; and (c) assessments paid by nursing homes, intermediate care facilities for the mentally retarded, and health maintenance organizations.

*Expenditures.* Under SB 44, the Governor proposes to budget revenue from the trust fund to support several items, including: (a) increasing per diem reimbursement rates and available slots under the MA home- and community-based waiver programs; (b) an initiative to reduce the amount of long-term care services provided by nursing homes; (c) expanding the Family Care pilot program to Kenosha County; (d) increasing MA provider rates; (e) maintaining MA base funding, including costs to continue current services; (f) increasing

funding for the community support program; and (g) holding counties and local health departments harmless from the elimination of community services deficit reduction benefits.

Attachment 1 presents a condition statement for the MA trust fund, based on the Governor's budget recommendations. This is the same table that appears on page 205 of the LFB summary of SB 44.

## **DISCUSSION POINTS**

1. The Governor's budget was constructed to fully expend the amount of revenue in the IGT trust fund, including the projected 2003-04 opening balance (\$322.7 million) and projected revenue (\$629.6 million in 2003-04 and \$161.0 million in 2004-05) by the end of the 2003-05 biennium.

In addition, SEG funding from the trust fund is currently used, and would continue to be used under SB 44, for the same purposes as GPR budgeted for the MA and BadgerCare programs -- namely, as the state match for claiming federal MA funds for MA-eligible services.

2. These two facts have important implications for budgeting for MA program benefits in the 2003-05 biennium.

First, any changes the Committee makes to the SEG funding amounts included in SB 44 would affect the projected balance in the MA trust fund. The Committee may not increase the total amount of SEG spending in the bill unless additional revenues, above the amounts projected by the Governor, are deposited to the MA trust fund. Conversely, if the Committee reduces the SEG funding amounts budgeted in SB 44, there would be a projected positive balance in the MA trust fund that could be used to offset GPR-funded MA benefits in SB 44.

Second, if the actual amount of revenue to the MA trust fund is less than the amounts projected by the administration, the amount of funding available to support MA benefits costs would be reduced by a corresponding amount.

3. The Committee could approve several proposals offered by the Governor that would affect revenues and expenditures from the MA trust fund with the expectation that CMS would permit the state to claim additional federal MA matching funds. These items, including the proposed increase and expansion of the nursing home bed assessment, the proposed assessment on health maintenance organizations' gross revenues, and the proposed local government IGT, will be addressed in separate papers prepared by this office.

4. On April 9, 2003, the DHFS Secretary told the Joint Committee on Finance that, based on preliminary discussions with the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), it is unlikely that the state would be able to claim \$434 million in federal MA matching funds that would have been deposited to the MA trust fund under the Governor's IGT proposal for community-based long-term care services.

The DHFS Secretary told the Committee that the administration would continue to seek additional federal MA matching funds by seeking a demonstration waiver designed to reduce MA-funded long-term care costs. Under the revised proposal, the state would agree to an overall five-year cap on MA expenditures, beginning in 2003-04, for all services provided to the target population (individuals over the age of 65 and individuals with disabilities, ages 18 through 64). In return, CMS would provide the state an additional \$461 million FED in the 2003-05 biennium to support the current program and the Governor's budget initiatives.

5. To date, the administration has not reached agreement with CMS that would increase federal MA matching funds to the state to support the MA program in the 2003-05 biennium, either under the initial or revised proposal.

The Committee and the Legislature will likely pass the state budget before this matter is resolved.

6. In recognition of the uncertainty of the state's receiving the federal funding the administration assumed in developing SB 44, the Committee could delete all of the items in the bill relating to the receipt and use of these federal funds. The following table lists these items as they appear in the LFB summary of the Governor's bill.

**Budget Items Associated with Anticipated Increases  
in Community-Based Waiver IGT Revenues**

<u>Page</u>	<u>Item No.</u>	<u>Title</u>
206	8	MA Trust Fund -- Funding for Benefits
206	9	Create IGT for Community-Based Long-Term Care
217	9	Noninstitutional Provider Rates
232	5	Reduce Use of Nursing Homes for Long-Term Care
240	1	CIP IB, CIP II and COP-W Slots and Rates
242	4	Community Support Program
243	6	Family Care -- Expansion to Kenosha County

Attachment 2 provides a summary of each of these items. Attachment 3 summarizes the fiscal effect of deleting these items on SEG, FED and PR funding in the bill. Since the Governor proposed using \$435.1 million of anticipated revenue from the proposed community-based long-term care IGT program to substitute for GPR MA base funding, deleting the SEG funding from the bill without increasing GPR support for MA benefits would create a projected deficit in the MA benefits appropriations. However, since it appears to be unlikely that this funding would be available, this projected deficit would occur regardless of the Committee's action to delete SEG funding budgeted for MA benefits in the bill.

7. After correcting for errors in the Governor's bill relating to the treatment of revenues and expenditures under the Governor's proposed local IGT/shared revenue proposal (-\$17,816,600 SEG-REV and -\$17,816,600 SEG in 2003-04 and -\$17,803,600 SEG-REV in 2004-05) and the loss of projected interest earnings to the MA trust fund (-\$4,000,000 in 2003-04), these changes would:

- Reduce projected revenue to the MA trust fund by \$455,816,600 in 2003-04 and by \$17,803,600 in 2004-05;
- Reduce SEG budgeted expenditures by \$464,414,900 in 2003-04 and by \$42,168,200 in 2004-05;
- Create a net gain to the MA trust fund of \$8,598,300 in 2003-04 and \$24,364,600.

8. This alternative would also delete the Governor's proposal to substitute \$435,107,000 of GPR MA base funding with SEG revenues from the MA trust fund. After corrections relating to the treatment of expenditures for the local IGT/shared revenue proposal, and recognizing the net gain to the MA trust fund from the adjustments summarized above, the projected deficit in the MA benefits appropriation would be \$384,340,600 in the 2003-05 biennium, based on the Governor's MA budget projections.

9. This projected deficit represents approximately 12.1% of the total state (GPR and SEG) funding the Governor budgeted for MA benefits in the 2003-05 biennium (\$3,187,125,900). Consequently, the MA program would have sufficient funding to support projected benefits in 2003-04 and most of 2004-05. Additional state funding would be required to support MA benefits beginning in the spring of 2005. By that time, the administration would have sufficient time to secure the additional federal MA matching funds it is currently seeking or propose other options to address the projected MA shortfall. The Legislature could then consider the administration's revised proposal, along with other components of the Governor's proposed MA budget that would be deleted under this alternative.

10. Attachment 4 to this memorandum presents a fund condition statement for the MA trust fund under the alternatives described in this paper.

11. It is also possible that all states, including Wisconsin, would receive additional federal assistance through legislation that Congress is now considering. For example, on May 8, 2003, the Senate Finance Committee recommended passage of tax reconciliation legislation (S.1054) that would provide \$20 billion to assist state and local governments. The National Conference of State Legislatures (NCLS) reports that, if approved, up to one-half of this amount (\$10 billion) could be allocated to support a temporary increase in federal MA matching funds for states. Based on Wisconsin's current share of total federal MA payments in FFY 2000-01 (approximately 1.9%), the state could receive an additional \$190 million in federal MA matching funds to support the MA program. If the state also received approximately 2% of the

other \$10 billion, the state could receive up to \$400 million in additional federal funds if the bill were to become law.

NCLS reports that the Senate is considering several provisions in the bill that would directly affect states' access to these funds, including: (a) whether states would be required to pass through a portion of these funds to local governments; (b) how funding allocated for MA increases would be distributed; and (c) whether states would be required to demonstrate a maintenance of effort with respect to program eligibility as a condition of receiving these funds.

12. However, previous Congressional proposals to provide additional assistance to states through temporary increases in MA matching rates have not been enacted. Consequently, it may not be prudent to assume that the state will receive additional federal MA matching funds through separate federal legislation.

13. A second option would delete these items from the Governor's budget and fund the projected MA deficit with GPR. Although this approach would provide the certainty that the Governor's projected MA benefits costs would be fully supported in the 2003-05 biennium, the Committee would be required to significantly reduce GPR funding for other GPR-supported state programs.

14. A final option the Committee could consider is to maintain funding for several items listed in the attachment, but transfer all of the funding to unallotted reserve so that these amounts could not be expended by DHFS for the designated purposes. The bill could be amended to direct DOA to seek the release of this funding from the Joint Committee on Finance once the administration secures additional federal revenue to fully support the projected costs of MA, SeniorCare and BadgerCare benefits in the 2003-05 biennium, except funding that would be placed in unallotted reserve for these items. If additional federal funds are available to also support the items for which funding is placed in unallotted reserve, the Committee could approve the reallocation of funding for these purposes. Under this option, all of the statutory changes relating to these items would be deleted, since these statutory changes are premised on the availability of this funding.

The primary argument against this approach, however, is that it would maintain an expectation that these items would be funded, even though, at this time, it is very uncertain that additional federal revenue will be available, even to maintain support for the current MA program. Further, by budgeting these items from an uncertain revenue source, the Governor made these budget proposals contingent on the availability of additional federal MA funds.

Finally, the projected closing balance of the MA trust fund, based on projected revenues and budgeted expenditures, would be approximately -\$506.6 million at the end of the 2004-05 biennium.

**ALTERNATIVES**

1. Reduce funding in the bill by \$468,414,900 SEG, \$30,313,000 FED and \$31,800 PR in 2003-04 and by \$114,563,300 SEG, \$59,002,500 FED and \$73,900 PR in 2004-05 to reflect: (a) the net fiscal effect of eliminating the items in the Governor's budget listed in Attachment 2; and (b) an adjustment to maintain a \$0 balance in the MA trust fund at the end of the 2003-05 biennium. Reduce projected revenue to the trust fund by \$451,816,600 in 2003-04 and by \$17,803,600 in 2004-05.

<u>Alternative 1</u>	<u>FED</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
<b>2003-05 REVENUE</b> (Change to Bill)	\$0	\$0	- \$469,620,200	- \$469,620,200
<b>2003-05 FUNDING</b> (Change to Bill)	- \$89,315,500	- \$105,700	- \$582,978,200	- \$672,399,400

2. Adopt the funding changes in Alternative 1. In addition, provide \$384,340,600 GPR in 2003-04 to fund the projected deficit in the MA benefits appropriation that would occur unless additional federal MA funding is provided to support base MA costs.

<u>Alternative 2</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
<b>2003-05 REVENUE</b> (Change to Bill)	\$0	\$0	\$0	- \$469,620,200	- \$469,620,200
<b>2003-05 FUNDING</b> (Change to Bill)	\$384,340,600	- \$89,315,500	- \$105,700	- \$582,978,200	- \$288,058,800

3. Modify the Governor's recommendations by placing funding for all items listed in Attachment 2 in unallotted reserve and delete all statutory changes in the bill relating to these items. In addition, direct DOA to seek the release of this funding from the Joint Committee on Finance once the administration secures additional federal revenue to fully support the projected costs of MA, SeniorCare and BadgerCare benefits in the 2003-05 biennium, except the funding reserved for these items. Specify if, after funding projected MA, SeniorCare and BadgerCare benefits costs, there remains additional federal funding to support the items for which funding was placed in unallotted reserve, the Committee could reallocate this funding from unallotted reserve to make it available for expenditure by DHFS for those items.

<u>Alternative 3</u>	<u>SEG</u>
<b>2003-05 REVENUE</b> (Change to Bill)	- \$469,620,200

Prepared by: Charles Morgan  
Attachments

## ATTACHMENT 1

### MA Trust Fund Estimated Revenues, Expenditures, and Balances Governor's Recommendations

	<u>2003-04</u>	<u>2004-05</u>
<b>Opening Balance</b>	<b>\$322,728,400</b>	<b>\$69,016,500</b>
<b>Revenues</b>		
Current Nursing Home Claiming	\$35,756,100	\$31,355,300
Waiver Claims	434,000,000	0
Local Government Claims	71,600,000	47,400,000
HMO Provider Assessment	37,465,300	39,713,200
Nursing Facility Provider Assessment	45,837,700	41,599,000
Interest Earnings	5,008,000	1,068,200
Less Cost of Wire Transfers	<u>-115,000</u>	<u>-115,000</u>
Revenue Total	<b>\$629,552,100</b>	<b>\$161,020,700</b>
 Total Available	 <b>\$952,280,500</b>	 <b>\$230,037,200</b>
<b>Expenditures</b>		
Base Funding for MA and BadgerCare Benefits	\$298,086,600	\$298,086,600
<b>Changes in the Bill</b>		
Substitute Funding for MA Benefits	\$435,107,100	\$0
Nursing Home Rate Increase	51,771,300	49,832,500
IGT Reestimates	40,513,900	-83,115,400
HMO Assessment, Payments and Rate Increase	37,465,300	39,713,200
Payments to School Districts, Municipalities	17,816,600	0
CIP IB, CIP II and COP -W Slots	16,963,900	34,910,000
Offset Loss of Federal MA Claims	14,500,000	14,500,000
Create IGT for MA Waivers	8,574,500	1,030,500
Non-Institutional Provider Rates	3,047,000	3,218,500
Reduce NH Use for Long-Term Care	722,400	1,455,500
Community Support Program	0	872,600
Family Care Expansion	0	681,100
MA Base Reestimate	0	-105,358,000
Labor Region Adjustment	-213,700	-213,700
BadgerCare Reestimate	-706,700	-706,700
Reduce NH Supplemental Payments	<u>-16,634,000</u>	<u>-16,636,000</u>
Expenditure Subtotal	<b>\$907,014,200</b>	<b>\$238,270,700</b>
 Correct Amount Budgeted for NH Rate Increase	 -\$5,933,600	 -\$8,233,500
 Correct Amount Budgeted for Municipal Services	 -\$17,816,600	 \$0
 Corrected Expenditure Total	 <b>\$883,264,000</b>	 <b>\$230,037,200</b>
 <b>Estimated Closing Balance</b>	 <b>\$69,016,500</b>	 <b>\$0</b>



**ATTACHMENT 2**

**1. MA TRUST FUND -- FUNDING FOR MA BENEFITS**

GPR	- \$435,107,100
SEG	<u>435,107,100</u>
Total	\$0

**Governor:** Reduce GPR funding for MA benefits by \$435,107,100 in 2003-04 and increase SEG funding for MA benefits by a corresponding amount. SEG funding would be available from the MA trust fund from revenue that would be available under the Governor's recommendations to increase intergovernmental transfer (IGT) revenue paid by local units of government for community-based waivers and noninstitutional services, which are summarized as Items #9 and #10 below.

**2. MA TRUST FUND -- CREATE IGT FOR COMMUNITY-BASED LONG-TERM CARE SERVICES**

SEG-REV	\$434,000,000
SEG	\$9,605,000
FED	<u>5,000</u>
Total	\$9,610,000

**Governor:** Increase estimates of revenue to the MA trust fund by \$434,000,000 in 2003-04 by changing the state's method of claiming federal MA matching funds for the costs of services provided to individuals who participate in home- and community-based waiver programs.

In addition, provide \$8,574,500 SEG and \$2,500 FED in 2003-04 and \$1,030,500 SEG and \$2,500 FED in 2004-05 to support additional administrative costs of implementing this proposal, including funding to support contingency fees for a consultant.

**Statutory Changes**

Create a sum sufficient appropriation from the MA trust fund that would authorize DHFS to reimburse counties for moneys counties transfer to the state to support MA nursing home payments, which is used as the nonfederal share of MA payments. Prohibit DHFS from making a payment to a county from this appropriation that exceeds the amount transferred by the county to the MA trust fund.

Create a program revenue (PR) appropriation in DHFS, funded from payments counties would be required to make to DHFS, and authorize DHFS to make MA payments to counties from this appropriation to support services provided to individuals with developmental disabilities under the community integration program (CIP IA and CIP IB, including the brain injury waiver program). Require a county board, on demand by DHFS, to authorize payments to DHFS that do not exceed any supplemental payment DHFS makes to a county from the new PR appropriation for services the county provided under these programs beginning in 2001.

Modify current provisions relating to revenue deposited to the MA trust fund through the intergovernmental transfer (IGT) program to include revenue DHFS receives relating to all MA-eligible services, rather than MA-eligible nursing home services, exclusively.

Finally, create a sum sufficient PR appropriation in DHFS for payments to counties related to the state's existing IGT program for nursing homes. Specify that payments to counties from this appropriation cannot exceed the amount paid by the county to the MA trust fund.

**Description of the Proposal**

Currently, counties and providers under contract with counties provide community-based long-term care services under the community integration program. The state makes per diem payments to counties, which vary, depending on the service needs of individual clients. In addition, counties provide local funding for services provided under these programs. The state currently claims federal matching funds on state and local expenditures for these programs. The total waiver payments for clients are based on the actual costs of services they receive.

Under the proposal, DHFS would replace the current payment system with a prospective payment rate for clients for waiver services provided beginning January 1, 2001. DHFS would pay counties significantly more than they currently receive, based on the actual service costs. DHFS would establish prospective payment rates for each county and make an additional state supplemental per diem payment that is not based on cost reconciliation, but rather on a higher payment for waiver services. The prospective rate would be based on the projected cost of serving most CIP clients in institutions, which is where they would be served in the absence of these community-based long-term care programs.

Using state funding, the state would make a final supplemental MA payment to counties which, when added to interim payments of state and local expenditures under the current methodology, would convert CIP funding to a prospective payment rate. Actual state and local expenditures in 2000 would provide the base per diem payment by county, which reflects the acuity and resources needed to care for current CIP clients in the community. The base rate would be trended forward for inflation, with adjustments for additional, high-cost relocations from nursing homes and intermediate care facilities for the mentally retarded (ICFs-MR), for additional waiver clients serviced by counties, and for a supplemental incentive per diem.

Counties would be required to make an intergovernmental transfer of funds to the state that equaled the increased supplemental MA per diem payment. The state would then claim federal MA matching funds on the supplemental payment, which would be deposited to the MA trust fund.

[Bill Sections: 459, 468, 864, 865, 1113, 1114, and 1526]

**3. MA PAYMENTS -- NON-INSTITUTIONAL PROVIDER RATES**

**Governor:** Increase MA and BadgerCare benefits funding by \$7,598,100 (\$3,047,000 SEG and \$4,551,100 FED) in 2003-04 and \$8,022,800 (\$3,218,500 SEG and \$4,804,300 FED) in 2004-05 to fund increases in the maximum

SEG	\$6,265,500
FED	<u>9,355,400</u>
Total	\$15,620,900

reimbursement rate provided for certain non-institutional providers under MA. Under this provision, in 2003-04, rates for: (a) home health services would increase by 10%; (b) speech and language pathology services would increase by 10%; (c) common carrier transportation services would increase to \$0.50 per mile for volunteer drivers, \$1.25 per mile for human service operators, and \$0.01 per mile for administrative costs; and (d) family planning services would increase by 45% and family planning supplies would increase by 55.9%; and (e) outpatient psychiatric evaluations and psychotherapy services would increase from \$80.13 per hour to \$100 per hour. These rate increases would be effective July 1, 2003.

The rate increase for home health agencies would include the following services provided by the agencies: private-duty nursing, respiratory care services, physical and occupational therapy, home health nursing and home health aide services. Common carrier transportation services are provided for MA and BadgerCare enrollees who are able to walk and receive services through common transportation systems, such as buses and taxis.

Segregated revenue included in this provision would provide the state's share of costs for these rate increases and would be available from the MA trust fund from revenue available from the administration's proposal to create an IGT program for noninstitutional services provided by local units of government, which is summarized as Item #10 under "Health and Family Services -- Health Care Financing -- Base Funding and Revenue."

**4. REDUCE USE OF NURSING HOMES FOR THE PROVISION OF LONG-TERM CARE**

Funding Positions		
FED	\$3,016,400	0.50
PR	105,700	0.50
SEG	<u>2,177,900</u>	<u>0.00</u>
Total	\$5,300,000	1.00

**Governor:** Provide \$1,756,300 (\$722,400 SEG, \$1,002,100 FED, and \$31,800 PR) in 2003-04 and \$3,543,700 (\$1,455,500 SEG, \$2,014,300 FED, and \$73,900 PR) in 2004-05 and 1.0 position (0.5 FED position and 0.5 PR position), beginning in 2003-04, to improve access to community-based, long-term care for elderly, physically disabled, and brain-injured nursing home residents and to provide an incentive for nursing homes to engage in phase-down and relocation activities.

*County Funding Allotments.* Provide one-time funding for eligible nursing homes that agree to reduce the number of their licensed beds (\$690,600 SEG and \$970,300 FED in 2003-04 and \$1,381,600 SEG and \$1,940,400 FED in 2004-05).

*Quality Assurance and DHFS Staff.* Provide funding to support: (a) a contracted quality assurance position in the Bureau of Developmental Disabilities Services (0.5 FED and 0.5 PR), beginning in 2003-04, to provide oversight to the waiver programs (\$13,100 SEG and \$13,100 FED in 2003-04, and \$52,300 SEG and \$52,300 FED in 2004-05); and (b) 1.0 budget and policy analyst position and associated supplies and services funding to conduct activities relating to reducing the use of nursing homes for the provision of long-term care (\$18,700 FED, \$31,800 PR, and \$18,700 SEG in 2003-04, and \$21,600 FED, \$73,900 PR, and \$21,600 SEG in 2004-05).

**5. CIP IB, CIP II AND COP-W SLOTS AND RATES**

FED	\$73,811,900
SEG	<u>51,873,900</u>
Total	\$125,685,800

**Governor:** Provide \$41,734,300 (\$16,963,900 SEG and \$24,757,300 FED) in 2003-04 and \$83,964,600 (\$34,910,000 SEG and \$49,054,600 FED) in 2004-05 to support: (a) increasing per diem reimbursements rates to counties for services provided under CIP IB, CIP II, and total allocations under COP-W; (b) additional CIP IB slots, beginning in 2003-04; and (c) additional CIP II/COP-W slots, beginning in 2003-04.

The CIP IB, CIP II and COP-W programs provide enrollees a comprehensive set of community-based services as an alternative to institutional care. The CIP IB program serves individuals with developmental disabilities, while the COP-W and CIP II programs serve individuals who are elderly and individuals who are physically disabled. CIP IB per diem rates are currently \$49.67 and CIP II rates are \$41.86. County COP-W allocations are determined on a calendar-year basis.

**6. COMMUNITY SUPPORT PROGRAM**

SEG	\$872,600
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**Governor:** Provide \$872,600 from the MA trust fund in 2004-05 to increase funding to counties that provide the state's share of MA program benefits to MA recipients who receive services under community support programs (CSP). Make statutory changes to authorize DHFS to use revenue from the MA trust fund for this purpose.

The community support program is a county-administered program that provides community-based, individualized services, including coordinated care, treatment, rehabilitation and support services, to adults with serious and persistent mental illness. Currently, counties provide the state match for federal MA funds for eligible services provided to MA recipients. In addition, 2001 Wisconsin Act 16 provided \$500,000 GPR in 2001-02 and \$1,000,000 GPR in 2002-03 to provide state funding for CSP services.

The administration estimates that the amount of additional funding that would be provided in this item would be sufficient to eliminate current waiting lists for the program.

[Bill Sections: 466 and 1501]

**7. FAMILY CARE -- EXPANSION TO KENOSHA COUNTY**

FED	\$3,126,800
SEG	<u>681,100</u>
Total	\$3,807,900

**Governor:** Provide \$3,807,900 (\$681,100 SEG and \$3,126,800 FED) in 2004-05 to expand the Family Care pilot program to establish a new care management organization (CMO) site in Kenosha County, beginning in July, 2004. Family Care provides services to elderly, physically disabled, and developmentally disabled individuals through resource centers and CMOs in participating counties. Currently, nine counties operate aging and disability resource centers (Fond du Lac, La Crosse, Portage,

Milwaukee, Richland, Kenosha, Marathon, Trempealeau, and Jackson Counties), while five counties provide the full Family Care benefit through CMOs (Fond du Lac, La Crosse, Portage, Milwaukee, and Richland Counties).

Funding to support capitation payments to the Kenosha County CMO would be provided with the additional funding that would be provided under this item and, in part, through the transfer of federal funding from the MA and the social services block grants for local assistance to the federal MA-Family Care appropriation. In addition, the item includes GPR cost increases that would be fully offset by increases in the amount of funding that would be transferred from community aids and the community options program (COP) to support Family Care.

Currently, care management organizations receive a flat, monthly payment for each enrollee, regardless of the type or amount of services the CMO provides to each enrollee. In calendar year 2003, these rates range from \$1,768 per month in Milwaukee County to \$2,368 per month in Portage County.



**ATTACHMENT 3**

**Summary of Fiscal Effect of Deleting Selected IGT-Related Items from the Bill**

LFB Summary Page	Item #	Title	2003-04				2004-05			
			SEG	FED	PR	Total	SEG	FED	PR	Total
206	8	MA Trust Fund -- Funding for Benefits	-\$435,107,100	\$0	\$0	-\$435,107,100	\$0	\$0	\$0	\$0
206	9	Create IGT for Community-Based Long-Term Care	-8,574,500	-2,500	0	-8,577,000	-1,030,500	-2,500	0	-1,033,000
217	9	Non-Institutional Provider Rates	-3,047,000	-4,551,100	0	-7,598,100	-3,218,500	-4,804,300	0	-8,022,800
232	5	Reduce Use of Nursing Homes for Long-Term Care	-722,400	-1,002,100	-31,800	-1,756,300	-1,455,500	-2,014,300	-73,900	-3,543,700
240	1	CIP IB, CIP II and COP-W Slots and Rates	-16,963,900	-24,757,300	0	-41,721,200	-34,910,000	-49,054,600	0	-83,964,600
242	4	Community Support Program	0	0	0	0	-872,600	0	0	-872,600
243	6	Family Care -- Expansion to Kenosha County	0	0	0	0	-681,100	-3,126,800	0	-3,807,900
		<b>Total</b>	<b>-\$464,414,900</b>	<b>-\$30,313,000</b>	<b>-\$31,800</b>	<b>-\$494,759,700</b>	<b>-\$42,168,200</b>	<b>-\$59,002,500</b>	<b>-\$73,900</b>	<b>-\$101,244,600</b>

**Additional Adjustments**

Reduce SEG Expenditures to Reflect Loss of Interest Earnings	-\$4,000,000									
Adjustment to Establish a \$0 Balance in Trust Fund										-\$72,395,100
<b>Total Spending Change to Bill</b>	<b>-\$468,414,900</b>	<b>-\$30,313,000</b>	<b>-\$31,800</b>	<b>-\$494,759,700</b>	<b>-\$114,563,300</b>	<b>-\$59,002,500</b>	<b>-\$73,900</b>	<b>-\$101,244,600</b>		



## ATTACHMENT 4

### IGT Trust Fund Condition Statement under Alternatives 1 and 2

	<u>2003-04</u>	<u>2004-05</u>
<b>Opening Balance</b>	<b>\$322,728,400</b>	<b>\$77,614,800</b>
<b>Revenues</b>		
Current Nursing Home Claiming	\$35,756,100	\$31,355,300
Local Government Claims	53,783,400	29,596,400
HMO Assessment	37,465,300	39,713,200
Nursing Facility Provider Assessment	45,837,700	41,599,000
Interest Earnings	1,008,000	1,068,200
Less Cost of Wire Transfers	<u>-115,000</u>	<u>-115,000</u>
Revenue Total	\$173,735,500	\$143,217,100
Total Available	\$496,463,900	\$220,831,900
<b>Expenditures</b>		
MA Base /BadgerCare Base	\$298,086,600	\$298,086,600
Nursing Home Rate Increase (Corrected)	45,837,700	41,599,000
IGT Reestimate	40,513,900	(83,115,400)
HMO Assessment Payments	37,465,300	39,713,200
Offset Loss of Federal MA Claims	14,500,000	14,500,000
Labor Region Adjustment	-213,700	-213,700
BadgerCare Reestimate	-706,700	-706,700
Reduce NH Supplemental Payments	<u>-16,634,000</u>	<u>-16,636,000</u>
Expenditures Total	\$418,849,100	\$293,227,000
Adjustment to End with \$0 Balance		-\$72,395,100
<b>Estimated Closing Balance</b>	<b>\$77,614,800</b>	<b>\$0</b>